

6. Your Retirement Benefit

As you consider the decision to retire, you will need to address several questions. To help you find answers, we highly recommend you attend the *CalSTRS Retirement Checkup* workshop. Then, before you file your application for retirement, make an appointment with a CalSTRS benefits counselor in your area or with a telephone counselor to discuss your plans and to receive an estimate of your retirement benefit. If you are considering filing for disability retirement, see Section 8, Disability Benefits.

Deciding When to Retire

You can retire as early as age 50 with at least 30 years of service credit, or you can retire at age 55 with at least five years of service credit.

An additional requirement for retirement is:

- At least one year of credited service must have been performed after the most recent refund

OR

- Retirement must be concurrent with retirement under the California Public Employees' Retirement System, University of California Retirement System, San Francisco City and County Employees' Retirement System, Legislators' Retirement System or a system covered by the County Employees' Retirement Law of 1937 (see the glossary for a list of counties).

Early Retirement Limited Term Reduction Program

If you are at least age 55, but under age 60, and have at least five years of credited service, you can apply for retirement under this special program. You will receive one-half the monthly benefit amount calculated as if you were age 60. The reduced benefit will continue for the same number of months after age 60 that you received benefits before age

60. After that, your retirement benefit amount will be that which you would have received had you retired at age 60.

***Note:** Although annual benefit adjustments will accrue for the Early Retirement Limited Term Reduction Program, increases are not payable under this alternative until the normal service retirement benefit is paid. For more information about the annual benefit adjustment, see Section 7, After You Retire.*

Retirement Incentive Program

School districts can offer the Retirement Incentive Program that would increase the monthly benefit for eligible members. Under this program, Defined Benefit members who are eligible to retire could receive two years of service credit, often called a "golden handshake."

The two years of service credit Retirement Incentive Program became effective January 1, 2004. Employers may decide to offer the program at any point in the future.

Eligibility

You must be eligible for service retirement and retire within the time period specified by your employer to take advantage of the incentive.

Restrictions

The additional service credit given in the incentive program cannot count toward eligibility for service retirement or the credit necessary for other CalSTRS benefit enhancements such as one-year final compensation, career factor and longevity bonus. Also, you cannot pay the cost of the benefit in lieu of your employer. In addition, CalSTRS will not grant partial benefits.

Post-Retirement Employment

You will lose the ongoing increase in your benefit provided by the incentive if you do any of the following:

- Become an active member again by returning to CalSTRS-covered employment (reinstatement).
- File for unemployment within a year of retirement.
- Return to CalSTRS-covered employment with the school district that granted you the benefit within five years.

For More Information

Call 800-228-5453 or go to www.calstrs.com. Our Web site also includes online calculators to help you figure the potential retirement incentive boost to your retirement benefit.

Retiring From More Than One Public Retirement System

Defined Benefit Program members who are at least age 55 and eligible to retire from certain other California public retirement systems in California may retire with fewer than five years of CalSTRS service credit if they retire from both systems at the same time. Additionally, CalSTRS may use the salaries for service performed under the other retirement system to calculate the CalSTRS retirement benefit. However, if you perform creditable service with both retirement systems during the same pay period, we are required by law to use the CalSTRS salaries in the retirement benefit calculation.

The other public retirement systems in California are the:

- Legislators' Retirement System.
- Public Employees' Retirement System.
- San Francisco City and County Employees' Retirement System.
- University of California Retirement System.
- Systems established under the County Employees' Retirement Law of 1937 (for a list of counties covered by this law, see the glossary).

How to Calculate Your Defined Benefit Retirement

The formula for calculating an unmodified Defined Benefit retirement includes three elements:

$$\text{Service Credit} \times \text{Age Factor} \times \text{Final Compensation} = \text{Retirement Benefit (unmodified)}$$

For a step-by-step guide for estimating your Defined Benefit pension, use the Benefit Estimate Worksheet in Section 11.

The calculation of your service retirement benefit is different if you reinstate to active member status after receiving a disability benefit or a disability retirement and later take a service retirement. Please contact CalSTRS for details on retirement after reinstatement to active membership.

Ways to Increase Your Benefit

You can increase your retirement benefit by increasing one or more of the elements in the benefit calculation formula. For instance, you can raise the amount of your service credit by working longer and by purchasing additional service credit. See Purchasing Additional Service Credit later in this section. In addition, by working longer and, therefore retiring when you are older, you increase your age factor, up to a maximum of 2.4 percent. For details, also see Benefit Enhancements later in this section.

Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation for service as a member of the Defined Benefit Program. You must have earned compensation for working full time during the year to receive one full year of service credit. See your *CalSTRS Annual Statement of Account* for your service credit. In addition to credit for actual service, you may receive service credit for creditable compensation received for certain employer-approved leaves of absence.

Service credit may also be purchased under certain circumstances. For more information,

order the *Purchase Additional Service Credit* brochure at 800-228-5453 or www.calstrs.com.

A member's service credit is one of the factors used to determine eligibility for benefits payable under the Defined Benefit Program. For example, you must have a minimum of five years of service credit to be eligible for a service retirement benefit.

Service credit is used to calculate your service retirement benefit, as well as the surviving spouse or registered domestic partner benefit payable under both Coverage A and Coverage B. For details, see Section 9, Survivor Benefits.

You are notified of your accumulated service credit each year when you receive your *Annual Statement of Account*.

How Service Credit is Calculated

For full-time educators, one year of service credit is earned for teaching one school year. For part-time educators, service credit for one school year is the hours or days actually taught compared to the *full-time equivalent*, or what would be required if employed full time in that position. To see how service credit is calculated for part-time educators, see Section 3. You cannot receive more than one year of service credit for any one school year.

Full-Time Equivalent

For part-time educators, the hours or days you work are compared to a full-time equivalent, or FTE. The FTE is the time a person who is employed part time would be required to work in a school year if he or she were employed full time in that position. For specific information about FTE and how it is used to calculate service credit, see Section 3, Benefits for Part-Time Educators.

Additional Duties

If you perform additional duties during the year, you will receive service credit in addition to the service credit earned for your normal full-time or part-time position. The member and employer contributions for service that exceed one full year will be transferred into your Defined Benefit Supplement account at the close of the fiscal year.

You can now receive service credit for summer school and intersession, and activities such as yearbook editor, science club editor, band director and for attending staff development days.

Multiple Positions

Some members are employed in multiple part-time or substitute positions for more than one CalSTRS employer during the school year and may earn more than one year of service credit in a school year. At the end of the school year, CalSTRS determines if you have service credit in excess of one year. If you do, CalSTRS retains one year of service in your Defined Benefit account — earned at the highest pay rates — and credits the member and employer contributions for service in excess of one year to your Defined Benefit Supplement account.

Compensation for Excess Service

The compensation for the service in excess of one year is not used in the calculation of your earnable compensation for the school year for final compensation purposes. If your employer adjusts the reported earnings after the school year ends, your Defined Benefit and Defined Benefit Supplement accounts may be adjusted in the following year.

Calculating Sick Leave Credit

Additional service credit for unused sick leave will be granted at retirement. The service credit granted for unused sick leave is determined by dividing the number of accumulated unused sick leave days, as certified by your last employer, by the number of base service days, excluding school and legal holidays, required to complete the last school year if employed full time.

If employed on a part-time basis, the base service days are calculated in proportion to the full-time equivalent.

Sick leave service credit cannot be used to meet eligibility requirements for service retirement. However, effective January 1, 2005, up to two-tenths of one year of unused sick leave may be used to qualify for the career factor; the longevity bonus, which is given for 30

or more years of service; and for the 25-year threshold for one-year final compensation.

The formula for determining unused sick leave is:

$$\begin{aligned} & \text{Accumulated days of unused sick leave} \\ \div & \text{Number of base days for full-time service} \\ = & \text{Service credit amount granted} \end{aligned}$$

Purchasing Additional Service Credit

You may be eligible to purchase service credit for past employment or an approved leave of absence for which CalSTRS retirement contributions were not made. For example, you may be able to purchase service credit for part-time or substitute service in the California public school system before you became a CalSTRS Defined Benefit Program member. It's a good idea to compare the cost of additional service credit with the increase it would provide in your lifetime retirement income. For more information, order the *Purchase Additional Service Credit* brochure at 800-228-5453 or www.calstrs.com.

Permissive Service Credit

You may choose to purchase service credit for retirement purposes for specific service performed in the past, if it has not been previously credited. Examples of permissive service include:

- Creditable service prior to becoming a Defined Benefit Program member.
- Employer-approved sabbatical leave.
- Certain active military leave.
- University of California or State University service not covered under another retirement system.
- Employer-approved maternity/paternity leave or family care and medical leave.
- School for the Blind or Deaf.
- Out-of-state teaching covered by a public pension plan (up to 10 years).

You may purchase a portion, rather than all, of any permissive service you have earned. However, you cannot purchase service credit if you have received, or are

eligible to receive, credit for the service in another public retirement system. If you plan to purchase additional service credit just before retirement, you must complete payment for the service credit before the effective date of your retirement.

Estimating the Cost of Permissive Service Credit

The cost for permissive service credit depends on your age and your highest annual earnable salary during the last three years.

To estimate the cost to purchase permissive service credit, go to www.calstrs.com and click *Calculators* or manually calculate your cost:

1. Multiply the number of years you want to purchase by the contribution rate for your age group.
2. Multiply the result by your highest earnable salary during the last three years.

Age Group	Contribution Rate Until	
	6/30/05*	6/30/06*
20 - 29	17.9%	17.1%
30 - 39	18.2%	17.9%
40 - 49	20.4%	20.1%
50 - 59	24.5%	24.3%
60 - 69	27.9%	28.1%
70 and over	23.4%	23.2%

Nonqualified Service Credit

Members with at least five years of CalSTRS service credit may purchase up to five years of nonqualified service credit, also known as "air time." Nonqualified service is not connected to any specific prior employment. Nonqualified service credit cannot be used to qualify for the career factor, longevity bonus or the 25-year threshold for one-year final compensation. However, nonqualified service credit can be used to qualify for the 30-year service credit requirement for retirement between ages 50 and 55. The purchase of nonqualified service credit is calculated differently from the purchase of other service credit. To estimate the cost of nonqualified

*Rates can go up or down each July 1. The new rates are available each spring by calling CalSTRS.

service credit, visit www.calstrs.com and click *Calculators*. The cost to purchase nonqualified service credit will increase the closer the member is to retirement and the higher the earnable salary.

Age Factor

The age factor is the percent of final compensation you are entitled to for each year of service credit. This percentage is determined by your age on the last day of the month in which your retirement is effective. The age factor is set at 2 percent at age 60. The age factor is decreased if you retire before age 60 and increased to a maximum of 2.4 percent if you retire later than age 60. See the Age Factor Table in Section 11, Worksheets.

Final Compensation

For members retiring with 25 or more years of service credit, CalSTRS uses their highest one-year compensation as the final compensation component in their retirement calculation. Unused sick leave, in excess of 0.2 year of credit; nonqualified service credit; and retirement incentive credit cannot be used to qualify for the necessary 25 years.

For members with fewer than 25 years of service credit, final compensation is based on the highest average earnable compensation during any period of 36 consecutive months* of paid employment covered by CalSTRS.

Use of one-year final compensation is available for eligible classroom teachers with fewer than 25 years of service credit provided it has been included in a written collective bargaining agreement and all costs are paid by the employer, the employee or a combination of the two.

The annual earnable compensation for a school year is based on the gross monthly pay rates that could have been earned for creditable service performed on a full-time basis. Your gross earnable monthly pay rate per pay period is multiplied by the number of months in which you received compensation. If you

plan to retire before the end of the school year, the annual earnable compensation for that year is prorated to your retirement date. To see how earnable compensation is calculated for part-time educators, see Section 3.

CalSTRS will use your creditable earnings from the last full school year preceding your retirement effective date, or the last three full school years, if applicable, to determine your final compensation unless you specify another full school year on your retirement application.

If you work part time at more than one pay rate, final compensation is equal to the sum of your earnings divided by the sum of your service credit earned during the final compensation period. In some cases, it may be more advantageous for you to designate an earlier period of time as the final compensation period. Therefore, you are encouraged to check with a CalSTRS benefits counselor to determine the best option for the final compensation period.

If you retire on or after July 1, 2002, and have earned creditable compensation at multiple pay rates during a school year, you may benefit from the *.900 rule*. With the *.900 rule*, if service credit at the highest pay rate is at least .900 in a school year, then final compensation will be determined as if all service credit for that school year had been earned at the highest pay rate.

Mid-Year Retirement

If you want to retire in the middle of the school year, your final compensation may be lower than expected. This is because, for a mid-year retirement, CalSTRS is required to include the average of your salary from the last school year as part of the 12 months used to calculate your final compensation.

**Nonconsecutive final compensation is available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, CalSTRS will use any three nonconsecutive school years to determine final compensation.*

For example, if you earned \$57,000 last school year and would earn \$60,000 this school year, here is how to determine your final compensation for a January retirement date:

$$\begin{array}{rcl}
 \$57,000 \div 12 & = & \$4,750 \times 6 \text{ months} = \$28,500 \\
 \$60,000 \div 12 & = & \$5,000 \times 6 \text{ months} = \underline{\$30,000} \\
 & & \$58,500 \\
 & \div & 12 \qquad \qquad \$4,875
 \end{array}$$

Your final compensation for your last 12 months would be \$4,875 per month.

The calculation has more of an impact if you have at least 25 years of service, since your final compensation is based on fewer months.

Additional assignments at a lower pay rate may also lower your final compensation if you retire mid-year. This is because your annual compensation is prorated to your retirement date and is an average of the various pay rates you receive during that period.

Benefit Enhancements

You may qualify for one or more of these career enhancements, which will increase your monthly benefit. Please note that you may use up to two-tenths of one year of unused sick leave credit to qualify for these enhancements. However, service credit from the Retirement Incentive Program or the purchase of nonqualified service credit cannot be used to qualify.

Career Factor

A 0.2 percentage point career factor will be added to your age factor if you retire with at least 30 years of earned service credit up to a maximum age factor of 2.4 percent.

One-Year Final Compensation

If you have at least 25 years of service credit, the calculation for your final compensation will be based on your highest average salary for one school year instead of three.

Longevity Bonus

A longevity bonus will be permanently added to your monthly unmodified retirement benefit if you accumulate at least 30 years of credited service by January 1, 2011.

The longevity bonus amount depends on the years of service credit at retirement. For example:

If you earned:	You will receive monthly:
30 years	\$200
31 years	\$300
32 or more years	\$400

The longevity bonus will be:

- Subject to the annual CalSTRS 2 percent simple benefit adjustment but not to the quarterly supplemental purchasing power protection benefit.
- Modified as is the retirement benefit if you select an option.
- Reduced if you cancel a pre-retirement election of an option.

Partial Lump Sum

You may receive part of your retirement benefit as a lump-sum payment, in exchange, your retirement benefit is permanently reduced.

Your lump-sum payment can be up to the lesser of:

- 15 percent of the lifetime value of your retirement benefit or
- The lifetime value of your benefit in excess of an amount equal to 2 percent of your final compensation multiplied by your years of service credit and divided by 12.

The amount will differ from person to person, depending on age, earnings and years of service credit at retirement.

You can have your partial lump sum paid to you or rolled over to another retirement plan. You are not permitted to do both. A rollover must be done through a trustee-to-trustee transfer to a qualified plan such as a 403(b). If you choose a rollover, the minimum partial lump sum must be at least twice the amount of your new monthly retirement benefit after the permanent reduction from the PLS is calculated. Members may not use a partial lump sum to purchase previously refunded service credit.

Tax Implications

If you transfer your partial lump sum to a qualified plan through a direct trustee-to-trustee transfer, you will not owe any taxes until you start taking payments, called distributions, from that plan. Partial lump-sum distributions paid to you, however, are subject to federal and state income tax withholding immediately.

If you choose a distribution payable to you, CalSTRS must withhold 20 percent of the distribution for federal income tax and 6 percent for state income tax. You can request to have no state income taxes withheld on your retirement application.

You must choose a partial lump sum before your retirement effective date, and you can only cancel or change the amount of your PLS before that date. Once you retire, your decision to elect or not elect a partial lump sum or the amount of the lump sum is irrevocable.

For more information, order the *Partial Lump Sum* brochure. Call 800-228-5453 or go to www.calstrs.com and click *Calculators* to estimate the partial lump-sum amount you could receive.

Unmodified Benefit

The unmodified benefit is usually the highest monthly benefit available when you retire; however, it does not provide for a monthly income to your survivor.

The unmodified benefit provides you with a monthly benefit for your lifetime; benefits stop upon your death. Any contributions and interest credited to your account at the time of your death, minus the total amount already paid to you, will be returned to your death benefit recipient or recipients.

To provide a monthly income to a beneficiary or beneficiaries after your death, you must elect an option. For details, see Option Choices later in this section.

Protecting Your Survivor with an Ongoing Benefit

To provide a lifetime monthly benefit to another person when you die, you can select an option. An option is a plan feature that allows you to redistribute your retirement benefit over your life and the life of your option beneficiary. Once you retire, your option election is irrevocable, except under certain limited circumstances. See Section 9, Survivor Benefits.

You can choose an option if you are eligible to retire, but not yet ready to retire. Making a pre-retirement election of an option provides a lifetime monthly benefit to one or more individuals if you die before retirement. For information on the pre-retirement election of an option, see *Protecting Your Loved Ones Before You Retire*, Section 5.

Note: *You cannot designate a trust or an organization as your option beneficiary.*

Option Choices

To provide a lifetime monthly benefit to another person or persons, you can select one of the following options and designate an option beneficiary. For Option 8 you can name two or more option beneficiaries.

Discontinued Option 1

Option 1 provided for return of contributions and interest less the amount already paid. This is now provided with the unmodified benefit.

Option 2

Option 2 provides a modified monthly benefit. When you die, your option beneficiary continues to receive the same monthly benefit you were receiving.

Option 3

Option 3 provides a larger monthly benefit to you than under Option 2. However, when you die, your option beneficiary's benefit will be one-half the amount you were receiving.

Option 4

Option 4 provides a modified lifetime monthly benefit. Once either you or your option beneficiary dies, the survivor's benefit will be reduced; the survivor will receive two-thirds of the initial modified benefit.

Option 5

Option 5 provides a modified monthly benefit. Once you or your option beneficiary dies, the survivor's benefit will be reduced; the survivor will receive one-half of the initial modified benefit.

Option 6

Option 6 provides a modified monthly retirement benefit. Upon your death, your option beneficiary will continue to receive the same modified benefit that you received. If the option beneficiary dies before you, your benefit will rise to the unmodified level.

Option 7

Option 7 provides a modified monthly retirement benefit, with the reduction less than that under Option 6. Upon your death, your option beneficiary will receive one-half the modified benefit. If the option beneficiary dies before you, your benefit will rise to the unmodified level.

Option 8

Option 8 modifies your monthly retirement benefit depending on the ages and options selected for two or more option beneficiaries. You must name more than one option beneficiary and select from Options 2 through 7 for each beneficiary. You may retain a portion of your benefit as unmodified and/or select a different benefit percentage for each beneficiary. Upon your death, your option beneficiaries will each receive a benefit as provided by the formula used to calculate benefits under each option selected. If an option beneficiary predeceases you, your benefit will change as stated under the selected option.

Note: *If you have a court-ordered award to an ex-spouse or former registered domestic partner, you must name that person as a beneficiary. In this case, you may retain a portion of your benefit as unmodified and you are not required to name a second option beneficiary.*

How Choosing an Option Changes Your Benefit

An option provides you with a reduced or “modified” retirement benefit based on a percentage of your unmodified benefit. That percentage, called an option factor, is based on your age and the age of your option beneficiary on the effective date of retirement or time of election of a pre-retirement option plus the option you elect.

For a sample range of option percentages, see the Option Factor Tables in Section 11, Worksheets.

If you choose an option at the time you retire, the option factor is based on your age and the age of your option beneficiary or beneficiaries as of your effective date of retirement.

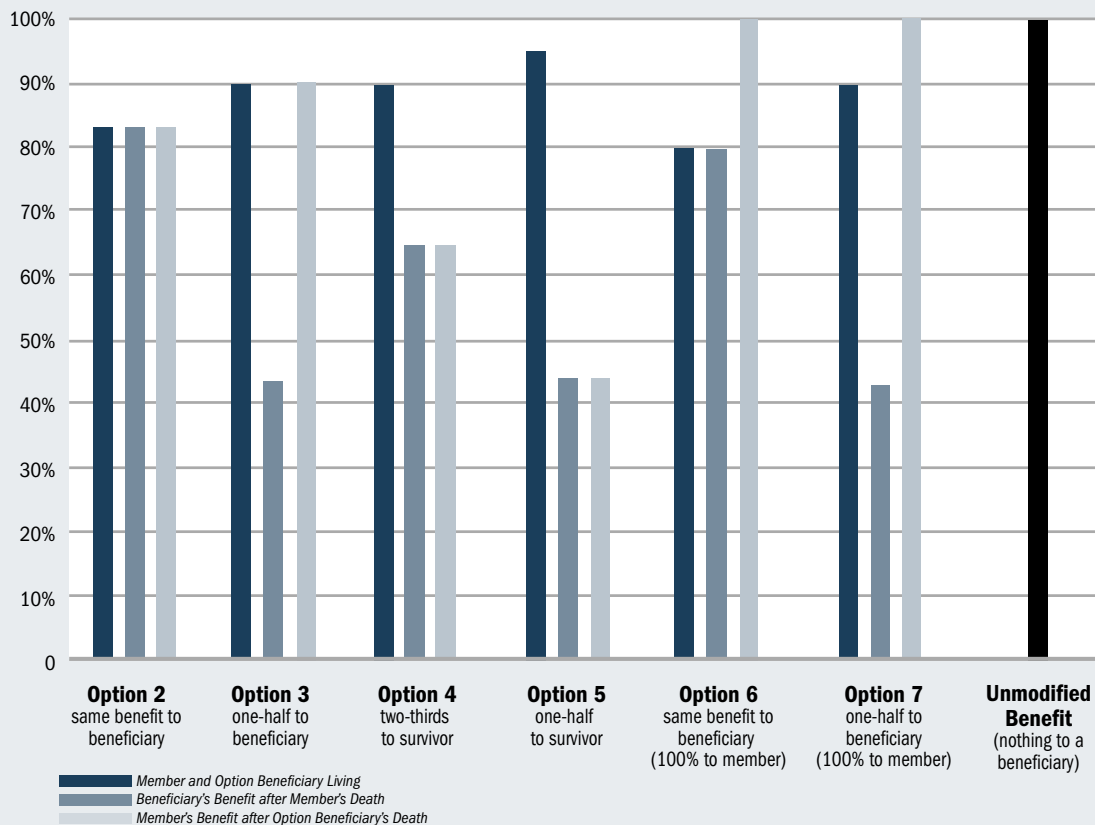
If you choose an option before retirement, the option factor when you retire will be the higher of the option factor in effect when the option was chosen before retirement or on the date of retirement. For more details on pre-retirement election of an option, see Protecting Your Loved Ones Before You Retire, Section 5.

The option you elect determines the benefit your option beneficiary or beneficiaries receive following your death or the benefit you receive following your option beneficiary's death.

For sample percentages of modified benefits for each option, see Options 2-7 Comparison Example. Also see Option Worksheets in Section 11.

Options 2-7 Comparison Example

The percentages shown here are for a member, age 60, who designates an option beneficiary, age 57



Adding, Changing or Canceling Your Option Selection

Once you retire, your option election can be changed only under the following four circumstances:

Death of Beneficiary: If your original option beneficiary dies after the effective date of your retirement and you had elected an option, you may elect a new option. However, you cannot return to the unmodified benefit unless you elected Option 6 or 7. To elect a new option beneficiary, complete the required form and submit a copy of the certified death certificate to CalSTRS. A further reduction to your benefit will be made.

Divorce: You may cancel your option election if the option beneficiary is your spouse or partner, or former spouse or partner, on or after January 1, 1978:

- A final decree of dissolution of marriage or registered domestic partnership has been entered, or filed and endorsed termination

of registered domestic partnership.

- A judgment of nullity has been entered, or
- An order of separate maintenance has been made.

After you notify CalSTRS, you may elect to receive the unmodified retirement benefit from the date of receipt of notification or to elect a new option. You may also designate a new option beneficiary. Your choice must be consistent with your court order and must not result in any additional liability to CalSTRS.

Note: If you cancel your option election as a result of a divorce or termination of domestic partnership and you elect to receive your unmodified benefit, the amount that your unmodified benefit was previously reduced will not be reimbursed to you.

Spouse or Partner: If you had previously designated a person other than your spouse or former spouse or partner as your option beneficiary, you may cancel your option election and elect an option designating your spouse

or partner as your option beneficiary. Your benefit will be subject to an actuarial modification based on your age and the ages of your prior beneficiary and your spouse or partner.

Newly Married or Registered in Domestic Partnership: If you were unmarried or unregistered at retirement and receiving an unmodified benefit, you can choose an option and name your new spouse or partner as an option beneficiary if you later marry or register. You must be married or registered at least one year before selecting the option and naming the option beneficiary. The unmodified benefit you were receiving will be actuarially reduced to reflect your potential life span and the life span of your option beneficiary. The option selection and beneficiary addition will be effective six months after CalSTRS receives the designation.

Benefit Adjustment

When you choose a new option and/or a new option beneficiary or beneficiaries, an adjustment to your benefit will be made. Before changing your option or choosing a new option beneficiary, you are encouraged to meet with a CalSTRS benefits counselor to obtain an estimate of your benefit based on the new choice.

For detailed option worksheets, see Section 11, Worksheets.

Defined Benefit Supplement Program

In addition to the Defined Benefit Program, your Defined Benefit Supplement account has been accumulating contributions and interest since January 1, 2001. Your most recent *Annual Statement of Account* shows the total in your Defined Benefit Supplement account at the end of the last school year.

If you have less than \$3,500 in your DBS account at the time you retire, you will receive the account balance as a lump-sum payment. Your lump-sum payment may be mailed directly to you or rolled over to a qualified trust plan. If the amount is at least \$3,500 you have more choices about how you would like to receive the funds. These choices depend

on whether you decide to take an unmodified Defined Benefit retirement benefit or elect an option as follows. See estimates of the various options in Section 11, Worksheets.

If You Decide to Take the Unmodified Benefit

If you elect an unmodified Defined Benefit retirement benefit and have at least \$3,500 in your Defined Benefit Supplement account, you have the following DBS payment choices:

Lump-Sum Payment: A one-time payment of the total amount in your DBS account.

Single-Life Annuity with Cash: A lifetime monthly payment. Any balance remaining upon your death will be paid to your one-time death benefit recipient or recipients.

Single-Life Annuity without Cash: A lifetime monthly payment with no cash refund payable upon your death.

Period-Certain Annuity: A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid; the lower the number of years, the higher the annuity. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient or recipients.

Combination of Lump-Sum Payment and Annuity: If your DBS account balance, less the lump-sum amount you select, is at least \$3,500, you can choose a lump-sum payment and one of the above annuities.

If You Select an Option for Your Defined Benefit Retirement

If you elect an option for your retirement benefit and have at least \$3,500 in your Defined Benefit Supplement account, you have the following payment choices.

Lump-Sum Payment: A one-time payment of the total amount in your DBS account.

100% Joint and Survivor Annuity: Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. One hundred percent of your monthly annuity would be paid to your option beneficiary upon your death.

50% Joint and Survivor Annuity:

Provides a monthly payment for your lifetime and the lifetime of your annuity beneficiary. Fifty percent of your monthly annuity would be paid to your option beneficiary upon your death.

Period-Certain Annuity: A monthly payment made for any number of years from three to 10. The amount you receive is based on the number of years over which the annuity is paid; the lower the number of years, the higher the annuity. If you die before the annuity period ends, the remaining payments are paid to your one-time death benefit recipient or recipients.

Combination of Lump-Sum Payment and Annuity: If your DBS account balance, less the lump-sum amount you select, is at least \$3,500, you can choose a lump-sum payment and one of the above annuities.

Guidelines for the Retirement Application Process

Use the brochure, *Your Retirement Guide*, to help you in each step in your retirement application process. With full explana-

tions and tear-out forms, this brochure will walk you through all necessary tasks from collecting information to completing the application and other optional forms. It is a good idea to order *Your Retirement Guide* early and refer to it for all aspects of your retirement process.

Application Timeline

The following shows a general timeline of events that may occur from up to a year before your retirement until you receive your first retirement benefit payment. Your specific timeline may differ from what you see here, but this will give you a good idea of what to do and when.

If you have not done so, consider taking our *CalSTRS Retirement Checkup* workshop and setting up an appointment for a one-on-one consultation with a benefits counselor. To sign up, call toll free 888-394-2060 or go to www.calstrs.com and click *Contact Us* to send an e-mail.

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Application Timeline

What to do	When
Step 1 You plan and research your retirement decisions.	10 to 12 months before your retirement date
Step 2 You complete, sign and submit your forms.	Signed forms must be received by CalSTRS: - No earlier than six months prior to your retirement date. - No later than the last business day of the month in which you retire Also make copies of your completed forms for your records.
Step 3 CalSTRS sends your initial benefit payment.	30 to 45 days after your retirement or the date your application is received (whichever is later). Note: There could be changes in your monthly payment for several months beyond your retirement date as CalSTRS receives and processes additional information from your employer.

Retirement Application Process

☐ **Obtain an Application for Retirement**

About six months before your expected retirement date, call or write to CalSTRS or contact your employer or your county superintendent of schools to obtain the *Your Retirement Guide* brochure, which contains the forms and information you need to apply for a retirement benefit.

☐ **Complete the Application**

Complete the forms, but do not mail them earlier than six months before your retirement date. CalSTRS must receive the application no later than the last day of the month in which your retirement is to become effective. Whether you choose an unmodified benefit or an option, this will be your final election unless you notify CalSTRS in writing before the effective date of retirement. Separating, resigning or “retiring” from your employer does not take the place of submitting your retirement application to CalSTRS. Remember to complete resignation forms for your employer.

☐ **Complete and Return the One-Time Death Benefit Recipient Form**

Always keep your CalSTRS one-time death benefit recipient information up to date, including your recipient(s) addresses, even after retirement. This designation applies to the one-time death benefit payable upon your death. This is not related to the selection of an option beneficiary.

☐ **Complete Health Insurance Premium Deduction Authorization**

You should also contact your district for procedures to continue your health insurance, since practices vary among districts.

☐ **Verify Dates of Birth and Marriage and Registration as Domestic Partner**

If you elect an option, you must submit documentation verifying the date of birth of your option beneficiary or beneficiaries unless an option beneficiary is a CalSTRS member. Under some circumstances, CalSTRS will

request verification of your birth date.

Acceptable documentation for birth date verification is listed in order of preference:

- Copy of certified birth record — recorded at least seven years before application for CalSTRS benefits.
- Copy of certified church baptismal record recorded within six years of birth.
- Copy of transcript of listing in federal census recorded within ten years of birth.

If the name has been changed from the name shown on the record of birth, CalSTRS requires a copy of the certified marriage certificate or court order documenting the change.

If you have the necessary birth and marriage certificates required for election of an option, enclose copies with your application. However, do not postpone filing an application while you obtain the required documents.

If You Cannot Locate Acceptable Documentation

If the required document cannot be secured, forward the notice you receive from the official record keeper showing that no record is available. CalSTRS will help you secure other acceptable documentation.

☐ **Mail Application**

Mail all completed service retirement application forms to CalSTRS. We recommend that you send the forms by certified mail and retain a copy for your records.

Important: Do not submit your application to your employer. Your employer is not responsible for the timely submission of your retirement application to CalSTRS. However, do notify your employer of your intention to retire. CalSTRS does not notify your employer.

What to Expect from CalSTRS

Acknowledgment Letter

If you send your application by certified mail, the post office will send you a certified receipt acknowledging delivery. Within two to three weeks, CalSTRS will mail you a letter acknowledging receipt of your application.

Estimated Retirement Benefit Letter

CalSTRS will send a letter detailing your monthly estimated benefit before issuing your first benefit payment.

Sending Your Retirement Benefit

CalSTRS will issue your first monthly benefit within 30 to 45 days after the effective date of retirement or the date your application is received — whichever is later. You will receive your Defined Benefit Supplement as a separate payment, whether or not you request it as a lump sum or as a monthly annuity.

Adjustment Letters

Your employer may send CalSTRS information after your retirement date, possibly relating to unused sick leave, retirement incentive or salary that can affect service credit or final compensation and cause fluctuations in your monthly benefit. When these changes occur, CalSTRS will send you a letter detailing any changes. It takes approximately six months after your effective retirement date for CalSTRS to receive and process all updates from your employer. If a retroactive amount is due, it will be paid shortly after an adjustment letter is mailed. CalSTRS will pay you any retroactive amount due shortly after we mail an adjustment letter.

The adjustment letter, or letters, will also show the total amount of your contributions as a Defined Benefit member. You should save the last letter to assist in determining your income tax liability.

Signing Up for Direct Deposit

For the quickest possible access to your monthly retirement payment, you can sign up for CalSTRS direct deposit service. Direct deposit is the fastest, safest and most convenient method of receiving your monthly payment.

- It's the fastest because your money is deposited immediately and automatically into your account. If your check is sent to your home, you will experience some delay from the time the check is mailed to the time you can access your money.
- It's the safest because your money goes from one source directly to the other via computer. You don't have to worry about a check being stolen, lost or delayed in the mail.
- It's the most convenient because your money is automatically deposited with your financial institution. This is particularly important if you do not have easy access to your financial institution.

With direct deposit, your money will be credited electronically to your bank account on the day your check is issued.

Notice of the deposit will be sent to your mailing address on the first of each month. You may also view your deposit notice, called a benefit payment stub, online by registering at *myCalSTRS* on the CalSTRS Web site. If you prefer to not receive a mailed benefit payment stub, you can indicate that at *myCalSTRS*, under *Preferences*.

Funds may be deposited into a checking or savings account in any U.S. financial institution you choose.

To enroll in direct deposit, use the form included in the *Your Retirement Guide* brochure. You can also order the *Direct Deposit Authorization* form at 800-228-5453 or from our Web site at www.calstrs.com.